

RESOLUTION NO. 1999-001

A RESOLUTION ADOPTING ADMINISTRATIVE RULES, APPOINTING OFFICERS, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL AGREEMENT, CALLING AN ELECTION, REQUESTING APPROVAL TO PLACE A QUESTION ON THE BALLOT FOR THE ELECTION; AND AGREEING TO MAKE CERTAIN PAYMENTS TO PARTICIPATING MUNICIPALITIES

WHEREAS, the Rio Nuevo Multipurpose Facilities District (the District") has been organized by the actions of the Town of Sahuarita and the Cities of South Tucson and Tucson, Arizona (collectively, the "Participating Municipalities"); and

WHEREAS, the Participating Municipalities have each appointed two members to the Board of Directors (the "Board") of the District in accordance with the provisions of A.R.S. §48-4202.C and such members (the "Directors") have each received their commission of office as contemplated by A.R.S. §38-221 and have each executed the oath of office required by A.R.S. §38-231; and

WHEREAS, all of the Directors now desire to organize and have assembled for the conduct of the initial business of the District, including the adoption of administrative rules, the appointment of officers, the authorization of an intergovernmental agreement with the Participating Municipalities, calling a special election for November 2, 1999 and other matters pertaining thereto; and

WHEREAS, the Board of the District believes it is in the best interests of the District to provide the voters of the District with the opportunity to determine whether certain State transaction privilege (sales) tax revenues should be used to support the proposed Rio Nuevo project, which shall consist of the acquisition, construction and/or improvement of facilities for sporting events and entertainment, cultural, civic, meeting, trade show or convention events or activities, and related infrastructure and commercial facilities, as will be more fully described in the voter information pamphlet to be distributed with respect to a special election (the "Special Election") to be held on November 2, 1999 for such purpose (the "Rio Nuevo Project"); and

WHEREAS, as required by A.R.S. §48-4237.C, the District proposes to ask the governing bodies of the Participating Municipalities for permission, and if granted, to place a question on the ballot for the Special Election of the District seeking voter approval for the use of a portion of the State transaction privilege (sales) tax revenues to support the proposed Rio Nuevo Project.

NOW, THEREFORE, IT IS RESOLVED AS FOLLOWS:

Section 1. Ratification of Notice. The call and public notice of this meeting is hereby approved and ratified by the Directors.

Section 2. Adoption of Administrative Rules. The Administrative Rules of the District in the form attached hereto as Exhibit "A" are hereby approved and adopted effective immediately.

Section 3. Appointment of Officers. The following Directors are hereby appointed to the offices set forth below to serve until the next annual meeting of the District Board and until their successors have been appointed and qualified:

<u>Name</u>	<u>Office</u>
Ruben Suarez	Chairman of the Board
Corky Poster	Secretary

Section 4. Appointment of Treasurer. Kay Gray, who is an officer of the City/Town of Tucson is hereby designated ex officio as the Treasurer of the District.

Section 5. Approval and Authorization of Intergovernmental Agreement. The Intergovernmental Agreement (the "IGA") in the form attached hereto as Exhibit "B" is hereby approved and adopted for and on behalf of the District and the Chairman of the Board is authorized, for and on behalf of the District, to execute and delivery the IGA on behalf of the District, following which the Directors and officers of the District will take all actions and execute and deliver all agreements and instruments required to comply therewith.

Section 6. Call of Election. Subject to approval of the Participating Municipalities, and pursuant to the provisions of A.R.S. §16-225, the District hereby calls a special election to be held on November 2, 1999 for the purpose of presenting to the voters of the District a question, in substantially the form set forth on Exhibit "C" attached hereto and incorporated herein by this reference, seeking voter approval for the use of certain State transaction privilege (sales) tax revenues to support the proposed Rio Nuevo Project. The Chairman of the Board shall notify the Participating Municipalities of the District's request to call and present such question at a special election and, subject to approval of such request, shall notify Pima County of this action as required by A.R.S. §16-225.

Section 7. Election Particulars. Pima County voting lists shall be used for the Special Election and citizens of the District who are registered to vote on October 3, 1999 shall be eligible to vote in the Special Election. Polling places shall be open from 6:00 a.m. to 7:00 p.m. at such locations as shall be designated in the voter information pamphlet to be distributed with respect to the Special Election.

Section 8. Authorization to Take Additional Actions. The appropriate members of the District staff are hereby authorized to take all such actions and execute and deliver all such notices, agreements and instruments as may be necessary or proper to

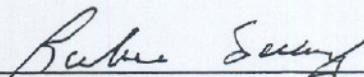
provide for and facilitate the holding of the Special Election, including giving all such notices as may be required by law, publishing notice of the Special Election in accordance with the provision of A.R.S. §16-227, and entering into any necessary agreements with the City of Tucson and/or the Pima County Elections Departments relative to the Special Election.

Section 9. Contribution to Participating Municipalities. Subject to and contingent upon the passage and approval of the question to be presented at the Special Election, the District hereby agrees to pay, from moneys received by the District that are available for such purpose, the following:

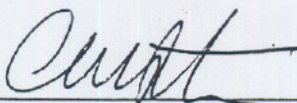
- (a) to the City of Tucson, reimbursement of its actual costs in conducting the Special Election in the District
- (b) to each of the City of South Tucson and the Town of Sahuarita, the sum of \$500,000 concurrently with the District's first issuance of bonds for the Rio Nuevo Project, plus an additional \$500,000 each from revenues received by the District from the developer or developers involved in the Rio Nuevo Project.

PASSED AND ADOPTED by the Board of Directors of the District this 19th day of July, 1999.

APPROVED:


Chairman

ATTEST:


Secretary

ADMINISTRATIVE RULES
OF
RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

ARTICLE 1

Name, Operation and Office

1.1 District Operation. These Administrative Rules (hereinafter collectively referred to as the "Rules") are adopted pursuant to the provisions of A.R.S. §48-4203 A.4 and 5 and shall govern the administration and operation of the Rio Nuevo Multipurpose Facilities District, a tax-levying public improvement district and a political taxing subdivision of the State (the "District"), which has been organized pursuant to A.R.S. § 48-4201 *et seq.* (the "MFD Laws") and (a) Resolution No. 18347, adopted by the Mayor and Council of the City of Tucson, Arizona, on July 19, 1999, a copy of which Resolution is attached hereto as Exhibit "A" and by this reference incorporated herein, (b) Resolution No. 1999-23 adopted by the Mayor and Council of the Town of Sahuarita, Arizona, on July 19, 1999, a copy of which Resolution is attached hereto as Exhibit "B" and by this reference incorporated herein and (c) Resolution No. 9917 adopted by the Mayor and Council of the City of South Tucson, Arizona, on July 19, 1999, a copy of which Resolution is attached hereto as Exhibit "C" and by this reference incorporated herein

1.2 Offices. The principal office of the District shall be at Tucson City Hall, 255 W. Alameda, Tucson, Arizona, 85701. (P.O. Box 27210, Tucson AZ 85726-7210)

ARTICLE 2

Organization and Termination

2.1 Organizing Municipalities. The municipalities that have organized the District are the Town of Sahuarita and the Cities of South Tucson and Tucson (individually, a "Municipality" and collectively, the "Municipalities").

2.2 Additional Cities: Withdrawal. Other municipalities may join the District upon such terms and conditions as the Board of Directors of the District (the "Board") may approve by resolution. Any municipality that is a member of the District shall withdraw from the District and its membership therein shall terminate if, on or before November 2, 1999, a majority of the voters of such municipality has not approved the use by the District of amounts to be paid to the District pursuant to the provisions of A.R.S. §42-5031.

2.3 District Termination. The District shall automatically terminate, without further act of the District, the Board, any of the Municipalities, or any other person or entity, if, on or before November 2, 1999, the voters of at least two Municipalities have not approved the use of amounts to be paid to the District pursuant to the provisions of A.R.S. §42-5031. In addition, the

District will terminate upon (i) the adoption of a resolution approving such termination by a vote of a majority of the Board members then in office (provided, however, that there is no indebtedness of the District outstanding or reasonably anticipated to exist at or following the termination date specified in such resolution), (ii) January 1, 2050; or such later date as may be approved from time to time by a vote of a majority of the Board members then in office or (iii) one hundred eighty-one (181) days following the date on which one or both of the Board positions which are to be held by members appointed by the City of Tucson becomes vacant if the City of Tucson fails to appoint one or more members (as applicable) to fill such vacant Board position(s) in accordance with the provisions of these Rules and the MFD Laws, provided that there is no indebtedness of the District outstanding or reasonably anticipated to exist at or following the otherwise applicable termination date.

Except to the extent inconsistent with the requirements of any indebtedness of the District outstanding or reasonably anticipated to exist at or following the otherwise applicable termination date, the Municipalities shall have the option, in their sole and absolute discretion, upon any termination of the District, to require the conveyance to the Municipalities of any or all of the assets (or portions of any assets) of the District in proportion to their respective revenue contributions to the District, which transfer shall be for nominal consideration and otherwise subject to such terms and conditions as the Municipalities may reasonably require.

ARTICLE 3

District Powers

3.1 Except as otherwise provided in these Rules and/or in any intergovernmental agreement entered into by the District, and/or by applicable law, and subject to the Reserved Rights (as hereinafter defined), the District shall have all of the powers of a district organized pursuant to A.R.S. § 48-4202(B), including but not limited to those powers expressly set forth in the MFD Laws, as amended from time to time.

ARTICLE 4

Board of Directors

4.1 Board Powers. The powers of the District shall be and are hereby vested in, and shall be exercised by or under the direction of, the Board of Directors.

4.2 Number. The Board of Directors shall consist of six members, of which two members shall be appointed by the governing body of each Municipality. Each member of the Board is hereinafter referred to as a "Director."

4.3 Qualification. Each Director must meet all of the following qualifications:

4.3.1 A Director shall be a resident of the appointing Municipality but shall not be an officer or employee of any Municipality and shall otherwise satisfy all applicable requirements of the MFD Laws and/or other applicable law; and

4.3.2 A Director shall not have been convicted of a felony, of a misdemeanor involving fraud or dishonesty, or of a violation of any law relating to the proper conduct of public business (including, but not limited to, laws relating to bribery, conflicts of interest, discrimination, financial disclosure, misuse of public resources for personal gain, public access to records, and open meeting laws).

4.4 Term. The initial term of office for one of the two Directors appointed by each Municipality shall be two (2) years, and the initial term of office for the other Director appointed by each Municipality shall be three (3) years, as determined by the appointing Municipality. After the initial term, the term of office for each Director shall be three (3) years. Unless a Director's place on the Board is then vacant, a Director shall continue to serve following the expiration of his or her term until a successor has been appointed and qualifies.

4.5 Resignation. Any Director may resign at any time by giving written notice of such resignation to the Board.

4.6 Removal. A Director shall be removed from office prior to the expiration of his or her term only on the following terms and conditions:

4.6.1 Upon the death or mental or physical incapacity of the Director; or

4.6.2 Upon the conviction of the Director of a violation of any applicable provision of Article 8, Chapter 3, Title 38 of the Arizona Revised Statutes (relating to conflicts of interest), or

4.6.3 If a Director is absent from three (3) consecutive meetings of the Board, or if a Director is absent from five (5) meetings of the Board within a six (6) month period;

4.6.4 If a Director ceases to satisfy the qualifications set forth in Section 4.3 hereof.

4.6.5 If, in the reasonable opinion of a majority of the governing body of the Municipality which appointed any Director, other good cause exists for the removal of such Director.

A Director removed pursuant to this Section 4.6 hereof shall automatically cease to be a Director and his or her place on the Board shall be deemed vacant upon the occurrence (or non-occurrence, as the case may be) of the condition or circumstance specified.

4.7 Vacancies. Any vacancy in the Board shall be filled only by appointment by the governing body of the Municipality that appointed the Member whose resignation or removal created the vacancy. Notwithstanding the foregoing or anything in these Rules to the contrary, if one of the Board positions that is to be filled by a Member appointed by the governing body of the City of Tucson is vacant, at any time or from time to time, then no binding or official action

of the Board or the District shall be taken until the earlier of (a) one hundred eighty (180) days after the date on which such Board position first became vacant, or (b) the date on which the governing body of the City of Tucson has filled such vacant position.

4.8 Compensation. As provided in A.R.S. §48-4202.C., Directors are not eligible for compensation for their services but may be reimbursed for their reasonable and necessary out-of-pocket expenses in attending to and traveling on District business at the request of the District.

4.9 Location of Meetings. Meetings of the Board shall be held in Tucson, Arizona, at such location as may be designated by the Executive Director and posted in accordance with the requirements of the open meetings law.

4.10 Regular Meetings. Regular meetings of the Board may be held at such time as shall be determined, from time to time, by a majority vote of the Directors, but at least two such meetings shall be held during each fiscal year of the District. If the Board desires to cancel any future meeting, it may do so by a majority vote at a public meeting. The Chairman or the Secretary may determine, between public meetings, that a future meeting should be cancelled for lack of a quorum or other reason.

4.11 Special Meetings. Special meetings of the Board may be called by the Chairman, or by the Directors holding a majority of the total votes entitled to be cast by the Board.

4.12 Study Sessions and Executive Sessions. Study sessions and executive sessions may be held, subject to compliance with applicable open meeting laws, before or after any regular or special meeting, or at any other time on call of the Chairman, or by the Directors holding a majority of the total votes entitled to be cast by the Board.

4.13 Telephonic Meetings. Subject to compliance with applicable open meeting laws, meetings of the Board, regular or special, may be held by means of conference telephone or similar communication equipment provided that (1) a physical quorum of Directors is present; and (2) all persons participating in the meeting can hear each other and be heard by the public in attendance. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

4.14 Notices. The Secretary shall, at the direction of the person calling such meeting, cause a written notice setting forth the time, place, and general purposes of any meeting of the Board to be delivered personally, to be sent by facsimile or electronic mail, or to be deposited in the mail, first class or airmail postage prepaid, addressed to each Director of record at his or her last known address, electronic mail address, or facsimile number, as it appears on the District's records. Such written notice shall be sent at least twenty-four (24) hours before the time of the meeting if sent by personal delivery, facsimile, or electronic mail and at least fifty-six (56) hours before the time of the meeting if sent by mail. In addition, the Secretary shall post notice of any regular or special meeting (or of the cancellation of any regular or special meeting) of the Board as required by applicable open meeting laws.

4.15 Waiver of Notice by Directors. Any Director may waive notice of any regular or special meeting (and any adjournment thereof) at any time before, during which, or after the meeting is held. Attendance of a Director at any such meeting in person shall automatically

evidence his waiver of notice of such meeting (and any adjournment thereof) unless he is attending the meeting for the sole and express purpose of objecting to the transaction of business because the meeting has not been properly called or noticed.

4.16 Chairman. At all meetings of the Board, the Chairman of the Board, or in his or her absence, the Executive Director, or in his or her absence, a chairman chosen by a majority vote of the Directors present, shall preside.

4.17 Quorum. At all meetings of the Board, the presence of a physical majority of the Directors plus the presence of Directors holding two-thirds (2/3) of the total votes which the Members of the Board are entitled to cast shall be necessary and sufficient to constitute a quorum for the transaction of business, except that less than a quorum may adjourn any meeting at which a quorum is not, or is no longer, present. Any matter before the Board shall be resolved by a majority of the weighted votes cast by Directors at any meeting at which a quorum is present and, upon such vote, shall be the act of the Board (and the District) except as may be otherwise specifically provided by statute or these Rules.

4.18 Delegation. The Board may by general resolution delegate to officers of the District such powers as it may deem appropriate; provided, however, that the voting rights set forth in Article 5 shall not be delegated.

ARTICLE 5

Voting

5.1 The District and its Board shall operate pursuant to a system of weighted voting whereby each Municipality shall be entitled to cast two votes per 100,000 of population (or portion thereof) in such Municipality as recorded in the most recent decennial census of the United States Census Bureau. No fractional votes shall exist. Each of the two Directors appointed by each Municipality shall hold and exercise a number of votes equal to one-half of the total votes which such Municipality is entitled to cast. Wherever these Rules refer to any "vote," "votes," "majority vote," or other decision of the Board or of the Directors, and in all other instances involving a vote or decision of the Board or the Directors, such voting and decisions shall in all events occur in accordance with the foregoing weighted voting provisions.

ARTICLE 6

Officers and Staff

6.1 Number. The officers of the District shall consist of a Chairman, a Secretary, and such other officers as the Board of Directors may determine from time to time are necessary to conduct the business of the District, each of whom shall be a member of the Board of Directors. The offices of Chairman and Secretary may not be held by the same person. In addition, the Board of Directors shall designate from time to time an officer of one of the Municipalities to act ex officio as Treasurer of the District and may appoint or employ an Executive Director.

6.2 Election. Term. and Qualifications. The Chairman and the Secretary shall be elected annually, or whenever a vacancy occurs in either office, by the Board. Unless the Board of Directors designates a different person, the person holding the office of City Manager of the City of Tucson, or such other employee of City of Tucson as the City Manager of the City of Tucson may from time to time designate, shall act, ex officio, as Treasurer of the District.

6.3 Removal. Any officer may be removed from office by a majority vote of the total votes entitled to be cast by the full Board at a regular meeting or at a special meeting called for that purpose.

6.4 Vacancies. In case any office of the District becomes vacant for any reason, the vacancy may be filled by a majority vote of the Directors then in office, although less than a quorum. Any officer so elected shall hold office until the next meeting of the Board at which a successor is elected and qualifies. In case the office of Treasurer of the District becomes vacant for any reason, the vacancy shall be filled on an interim basis (pending appointment of a successor Treasurer) by the City Manager of the City of Tucson or, if such City Manager is then serving as the Executive Director or otherwise designates, another officer of the City of Tucson as appointed by the City Manager of the City of Tucson. In case the office of Executive Director of the District becomes vacant for any reason, the vacancy shall be filled on an interim basis (pending appointment of a successor Executive Director) by the City Manager of the City of Tucson or, if such City Manager is then serving as the Treasurer of the District or otherwise designates, another employee of the City of Tucson as appointed by the City Manager of the City of Tucson.

6.5 Chairman. The Chairman shall preside at all meetings of the Board. He or she shall have and exercise general responsibility for and supervision of the affairs of the Board and shall do and perform such other duties as may be assigned to him by the Board.

6.6 Secretary. The Secretary shall have charge of all public books, documents, and papers of the District and shall attend and keep the minutes of all of the meetings of the Board. The Secretary may attest the signature of the Chairman, in the name and on behalf of the District, any contracts or agreements authorized by the Board, and when so authorized or ordered by the Board (and if the Board elects to adopt and use a corporate seal), may affix any such seal of the District. The Secretary shall, in general, perform all the duties incident to the office of secretary, subject to the control of the Board, and shall do and perform such other duties as may be assigned by the Board.

6.7 Treasurer. The Treasurer shall have the custody of all funds, property, and securities of the District and shall establish and maintain at such bank or banks or other depository or depositories as the Board may direct or approve the fund required by A.R.S. §48-4231 (the "District Fund"), into which shall be deposited all moneys received by the District, and

from which shall be disbursed all moneys payable by the District, subject to such direction and regulations as may be imposed by the Board and the requirements of applicable law, including the MFD Laws. When necessary or proper, the Treasurer may endorse on behalf of the District for collection, checks, notes, and other obligations, and shall deposit the same to the credit of the District Fund. The Treasurer shall sign all receipts and vouchers and, together with such other officer or officers, if any, as shall be designated by the Board, shall sign all checks of the District and all bills of exchange and bonds issued by the District, except in cases where the execution thereof shall be expressly designated by applicable law, by the Board or by these Rules to some other officer or agent of the District. The Treasurer shall make such payments as may be necessary or proper to be made on behalf of the District or as may be directed by the Board. The Treasurer shall keep the books of the District, shall maintain a full and accurate account of all moneys and obligations received and paid or incurred by or for the account of the District, and shall make such books and accounts available at all reasonable times to any Director or any officer of the District, on request of the Board, at the offices of the District. The Treasurer shall, in general, perform all the duties incident to the office of treasurer, subject to the control of the Board and the requirements of applicable law.

6.8 Executive Director. The Executive Director shall have primary responsibility for coordinating, scheduling and supervising, on a day-to-day basis, the normal activities, administration, and operations of the District in keeping with policies established by the Board, including coordinating District review and evaluation of the feasibility of any proposed multipurpose facility and related facilities and activities; acquisition by the District of any interest in real or personal property for District purposes or otherwise; and/or District oversight of any planning, design, development, financing, construction, operation, maintenance or other activities related to any proposed multipurpose facility to be located within the District.

6.9 Compensation. The Board and the officers of the District may receive, by resolution of the Board, their reasonable and necessary out-of-pocket expenses in attending to and traveling on District business at the request of the District. The Board shall have the power in its discretion to pay special compensation to the Executive Director and the Treasurer appropriate to the value of the services provided, from time to time, and/or to reimburse the City of Tucson for the reasonable cost and expense attributable to the time spent by any officers or employees of the City of Tucson who serve or assist the District at the request of the City of Tucson or who serve, or assist the appointed persons in fulfilling the responsibilities of, the Executive Director and/or the Treasurer of the District. Other than out-of-pocket expenses, this section shall not apply to officers or elected officials of any Municipality.

ARTICLE 7

Indemnification and Liability Insurance

7.1 Indemnification. To the fullest extent allowed by applicable law, the District shall indemnify the Municipalities and any and all of the District's existing and former Board members, officers, employees and agents (provided that, in the case of agents, such indemnity shall extend to such agent only if and to the extent incorporated by reference in the written agreement pursuant to which such person or entity is acting or has acted in such capacity) against any and all expenses incurred by such person or entity, including but not limited to legal fees, judgments, penalties and amounts paid in settlement or compromise, which may arise or be incurred, rendered or levied in any legal action brought or threatened against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of the actions described in the MFD Laws in the case of the Municipalities and within the scope of their respective positions in the case of existing or former Board members, officers, employees and, subject to the limitation set forth above, agents, whether or not any action is or has been filed against them and whether or not any settlement or compromise is approved by a court. Indemnification shall be mandatory and shall be automatically extended; provided, however, that the District shall have the right to refuse indemnification in any instance in which the person or entity to whom indemnification would otherwise have been available shall have unreasonably refused to permit the District, at its own expense and through counsel of its own choosing, to defend such person or entity.

7.2 Liability Insurance. The District shall procure, pay the premiums for, and maintain in full force and effect adequate directors', officers' and employees' liability insurance covering the activities of the Directors, officers and employees of the District.

ARTICLE 8

Conduct of Meetings

8.1 Order of Business. The order of business at meetings of the Board shall be conducted in accordance with the requirements of applicable open meetings laws.

8.2 Public Comment. Presentations. Time Limitations. Members of the public, whether speaking on behalf of themselves or as a representative of an organization or group, when addressing the Board on any matter shall be limited to a five (5) minute presentation. The Board may suspend or modify this rule for particular presentations or matters as the Board may deem appropriate.

ARTICLE 9

Contracts

The Board may authorize any officer to enter into any contract or execute and deliver any instrument in the name of and on behalf of the District, which authority may be general or confined to a specific instance; provided, however, that unless authorized by a Board resolution approved by a majority vote of the total number of votes entitled to be cast by the full Board, or as expressly delegated pursuant to an intergovernmental agreement approved by a majority vote of the total number of votes entitled to be cast by the full Board, no officer shall have any power or authority to bind the District, whether by any contract or otherwise.

ARTICLE 10

Fiscal Year

The fiscal year of the District shall commence on July 1 of each year and end on the succeeding June 30.

ARTICLE 11

Reserved Rights

11.1 Limits on District Power. Notwithstanding any other provision of these Rules (including, but not limited to, the weighted voting provisions hereof), the power of the District, the Board, and any officers, employees and agents of the District shall be subject to the following limitations (collectively, the "Reserved Rights"):

11.1.1 All decisions regarding condemnation, zoning, planning, intensity and density of development on or with respect to facilities or sites which are within and subject to the jurisdiction of the District shall first be approved by the vote of the governing body of the Municipality within which the facility or site is located; and.

11.1.2 Each Municipality shall have and there are hereby reserved to it all of its land use powers and all other police power prerogatives with respect to any facilities or sites within and subject to the jurisdiction of the District within such Municipality.

11.2 Relinquishment of Reserved Right or Power. Wherever these Rules have reserved or granted to a Municipality any right or power, the governing body of that Municipality shall have the unilateral right, at its option and in its sole and absolute discretion, to relinquish all or part of any such right or power at any time or from time to time, in whole or in part. Any such relinquishment may be temporary or permanent, as determined by the governing body of the affected Municipality, in its sole and absolute discretion. The relinquishment of a right or power with respect to any particular circumstances shall not constitute a relinquishment of that right or power with respect to different circumstances or upon the reoccurrence of the same or similar circumstances.

ARTICLE 12

Official Records

12.1 Official Records. The official records of the District shall include these Rules, and the minutes of the Board, together with all other official actions or other official items filed with or issued by the Board.

12.2 Recording of Votes. Minutes shall be kept for all meetings of the Board and shall show the vote of each member on every question on which the Board is required to act, or shall indicate absence or failure to vote. The minutes shall also record the Board's deliberations and other official actions.

12.3 Public Record. To the extent required by applicable law, all of the official records of the Board shall be public records, filed with the Executive Director by the Secretary of the Board, and open to public inspection.

ARTICLE 13

Amendments

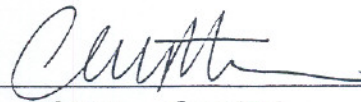
Subject to the Reserved Rights, and subject to the prior consent of a majority of the governing bodies of each of the Municipalities, the Board shall have the power to adopt amendments to or alter, amend, or repeal these Rules by a majority vote of the total votes entitled to be cast by the full Board at any regular meeting or at any special meeting called for that purpose.

CERTIFICATE OF ADOPTION

The foregoing Administrative Rules were duly adopted by the Board of Directors of RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT pursuant to a resolution adopted by the Directors of the District on the 19th day of July, 1999.

RIO NUEVO MULTIPURPOSE FACILITIES
DISTRICT

By



CORKY POSTER

Secretary

WHEN RECORDED RETURN TO:

EXHIBIT C

To Res 18347

**Intergovernmental Agreement
(Relating to Rio Nuevo Multipurpose Facilities District)**

Rio Nuevo MFD IGA No. 1999-001
Town of Sahuarita IGA No. 1999-23
City of South Tucson IGA No. 9917
City of Tucson IGA No. 18347

This Intergovernmental Agreement, dated as of July 19, 1999, (this "Agreement"), by and among the **City of Tucson, Arizona**, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona ("Tucson"), the **Town of Sahuarita, Arizona**, a municipality duly organized and validly existing pursuant to the laws of the State of Arizona ("Sahuarita"), the **City of South Tucson, Arizona**, a municipality duly organized and validly existing pursuant to the laws of the State of Arizona ("South Tucson" and, together with Tucson and Sahuarita, the "Municipalities"), and the **Rio Nuevo Multipurpose Facilities District**, a tax-levying public improvement district and a political taxing subdivision of the State (the "District").

Witnesseth:

A. The District has been organized pursuant to A.R.S. § 48-4201 et seq. (the "MFD Laws") for the purpose of developing a multipurpose facility, as defined in A.R.S. §48-4201.4 (the "Project"), to be located generally in the areas identified and depicted as the multipurpose facility site on the map attached hereto as Exhibit "A" and by this reference incorporated herein (the "Site").

B. The Municipalities have organized the District pursuant to Resolution No. 18347, adopted by the Mayor and Council of Tucson on July 19, 1999 (the "Tucson Formation Resolution"), Resolution No. 999-23, adopted by the Mayor and Council of Sahuarita on July 19, 1999 (the "Sahuarita Formation Resolution") and Resolution No. 9917, adopted by the Mayor and Council of South Tucson on July 19, 1999 (the "South Tucson Resolution" and, together with the Tucson Formation Resolution and the Sahuarita Formation Resolution, the "Formation Resolutions").

C. The Formation Resolutions set forth certain express conditions and certain dates by which certain actions must be taken.

D. One of the express conditions set forth in the Formation Resolutions is that the Tucson, Sahuarita and South Tucson shall have entered into an intergovernmental agreement with the District in substantially the form attached thereto.

E. The District, Tucson, Sahuarita and South Tucson now desire to enter into this Agreement in satisfaction of the aforesaid condition of the Formation Resolutions and to memorialize certain agreements among them regarding the District and its operation.

F. Pursuant to the MFD Laws and Article 3, Chapter 7, Title 11 of the Arizona Revised Statutes, the District, Tucson, Sahuarita and South Tucson may enter into this Agreement as an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them.

Now, Therefore, in the joint and mutual exercise of their powers, and in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration and subject to the conditions set forth herein, the parties hereto agree as follows:

ARTICLE 1

Reserved Rights and Limits on Exercise of District Power

1.1 Limitations. Notwithstanding the formation of District and the rights, powers and authority that may be granted to it or exist, the District agrees with Tucson, Sahuarita and South Tucson that the District's rights, powers and authority shall be subject to the limitations set forth in this Agreement, and that such limitations are authorized by A.R.S. § 48-4202(E), § 11-951, et seq. and other applicable laws and statutes.

1.2 Powers Reserved to Municipalities. Each Municipality reserves the following powers, together with all other rights and powers provided in this Agreement or by law:

1.2.1 All of the District's decisions regarding the zoning, planning, intensity and density of development on or with respect to facilities or sites which are within such Municipality and subject to the jurisdiction of the District shall first be presented to and approved or consented to by vote of the Mayor and Council of the affected Municipality pursuant to all of that Municipality's land use processes.

1.2.2 Each Municipality shall have and there are hereby reserved to it all of its land use powers and all other police power prerogatives with respect to the Project and any other facilities or sites within and subject to the jurisdiction of the District that are located within the corporate boundaries of such Municipality.

1.2.3 The District shall not own, operate, undertake, or otherwise take any formal action with regard to any project, facilities or site within the boundaries of any Municipality, except with the consent of such Municipality or pursuant to and within the bounds of a development agreement, redevelopment agreement or similar agreement to which such Municipality is a party.

1.3 Inclusion of other Municipalities as District Organizers. Municipalities other than Tucson, Sahuarita and South Tucson may join as an organizer of the District pursuant to A.R.S. § 48-4202(B) only with the consent of the District and each of the Municipalities, and then only on such terms and conditions as the Board of Directors of the District (the "Board") shall specify by resolution, bylaw or administrative rule, which terms and conditions shall be subject to prior approval of the Municipalities.

1.4 Withdrawal of Municipalities from District. Municipalities shall withdraw from the District as follows:

1.4.1 Any Municipality that is included in the District shall withdraw from the District, and its membership therein shall terminate automatically, if any of the following occur:

1.4.1.1 The governing body of the Municipality does not consent to the District submitting the Question (as defined in the Formation Resolutions) to be voted upon by its voters at the Election (as defined in the Formation Resolutions) on or before November 2, 1999

1.4.1.2 A majority of the Municipality's voters voting at the Election do not approve the Question on November 2, 1999.

1.4.1.3 The Municipality has attempted to join the District as permitted and provided hereby but is later determined by a court of competent jurisdiction not to have properly joined the District.

1.4.2 If any Municipality, other than Tucson, is withdrawn from the District pursuant to the preceding section, such Municipality shall no longer be a part of the District, provided however that the remaining Municipalities shall be deemed to have immediately re-formed the District without such Municipality's participation and the re-formed District shall be deemed to have accepted, assumed, agreed and succeeded to all of the existing administrative rules, agreements, directors (except directors representing the withdrawn Municipality), officers, undertakings and all other prior business of the District.

1.5 District Termination. The District shall automatically terminate, without further act of the District, the Board, any of the Municipalities, or any other person or entity, if, on or before November 2, 1999, the voters of at least two Municipalities have not approved the use of amounts to be paid to the District pursuant to the provisions of A.R.S. §42-5031. In addition, the District will terminate upon (i) the adoption of a resolution approving such termination by a vote of a majority of the Board members then in office (provided, however, that there is no indebtedness of the District outstanding or reasonably anticipated to exist at or following the termination date specified in such resolution), (ii) January 1, 2050, or such later date as may be approved from time to time by a vote of a majority of the Board members then in office or (iii) one hundred eighty-one (181) days following the date on which one or both of the Board positions which are to be held by members appointed by Tucson becomes vacant if Tucson fails to appoint one or more members (as applicable) to fill such vacant Board position(s) in accordance with the provisions of these Rules and the MFD Laws, provided that there is no indebtedness of the District outstanding or reasonably anticipated to exist at or following the otherwise applicable termination date.

1.6 Distribution of District Assets on Termination. Subject to the requirements of any outstanding District indebtedness or contractual obligations existing or reasonably anticipated to exist at or following the otherwise applicable termination date, the Municipalities shall have the

option, in their sole and absolute discretion, upon any termination of the District, to require the conveyance to the Municipalities of any or all District assets (or portions of any assets) in proportion to their respective revenue contributions to the District, which transfer shall be for nominal consideration and otherwise subject to such terms and conditions as the Municipalities may reasonably require (and subject to the requirements of any such outstanding District indebtedness or contractual obligations).

ARTICLE 2

Indemnification and Insurance

2.1 Indemnification. To the fullest extent allowed by law, District shall defend, indemnify and hold harmless the Municipalities, any Director, Officer, or Executive Director of the District, and all of the Municipalities' existing and former officers and employees (including without limitation contract employees) who serve, or assist District or its officers agent's or appointees against any and all expenses incurred by such person or entity, including but not limited to legal fees, judgments, penalties and amounts paid in settlement or compromise, relating to, arising from, or out of, or resulting from any claim or legal action brought or threatened against any of them for or on account of any actions, acts, errors, mistakes or omissions, active or passive, alleged to have been incurred or committed while acting within the scope of the actions described in the Multipurpose Facilities District Laws in the case of the Municipalities and within the scope of their position in the case of officers and employee, whether or not any action is or has been filed against them and whether or not any settlement or compromise is approved by a court. Indemnification shall be mandatory and shall be automatically extended. Defense shall be by counsel of District's choosing.

2.2 Insurance. The District shall procure, pay the premiums for, and maintain in full force and effect, insurance policies providing the following coverages in the following amounts:

- 2.2.1 Directors and Officers liability insurance with minimum liability limits of \$5,000,000 annual aggregate covering the activities of the directors, officers and duly authorized employees and functions performed by or on behalf of the District.
- 2.2.2 Commercial General Liability insurance on an occurrence basis policy form covering liability for premises, operations, independent contractors, contractual liability, product completed operations, personal injury and advertising injury with minimum limits of \$5,000,000 each occurrence and \$5,000,000 annual aggregate.
- 2.2.3 Vehicle Liability insurance covering owned auto, if any, and non owned and hired vehicles with minimum liability limits of \$5,000,000 each accident.

- 2.2.4 Statutory Workers Compensation coverage, if applicable, and Employers Liability of at least \$1,000,000 each accident, \$1,000,000 disease each employee and \$1,000,000 Disease policy limit.
- 2.2.5 Property insurance covering any buildings and personal property for their full replacement value while under construction or completed including without limitation soft costs, delays, and loss of income.
- 2.2.6 Other or additional insurance coverage as required in City's city manager's reasonable discretion.

2.3 Policy Form. The Commercial General Liability insurance and Vehicle Liability insurance shall name the Municipalities, and their duly authorized representatives, as additional insureds. The property insurance policy shall name the Municipalities as additional insureds and loss payees. All of the insurance policies described in Section 2.2 hereof shall contain a waiver of rights of recovery against the Municipalities and a separation of insureds provision. All policies shall be underwritten by an insurance company having an A.M. Best rating of at least A+7 and shall provide at least ninety (90) days advance notice of cancellation or material change of policy provision to the Municipalities. The District shall deliver to the Municipalities from time to time copies of current insurance policies or a certificate of insurance evidencing satisfaction of the requirements hereof.

2.4 Indemnification. In addition to, and not in lieu of, the foregoing, and in consideration of the willingness of Sahuarita and South Tucson to participate in the Project, Tucson agrees that it will, to the maximum extent permitted by law, and to the extent not otherwise provided by the District, indemnify, defend and hold harmless Sahuarita and South Tucson, and their present and future public officials, officers and employees (including without limitation contract employees) who serve or assist the District, or its officers, agents or appointees, against any and all liabilities, costs and expenses incurred by any of them, including but not limited to judgments, penalties and amounts paid in settlement or compromise, together with necessary and reasonable attorneys fees and expenses, resulting or arising from, or out of, any claim or legal action brought or threatened against any of them for or on account of any action or failure to act, active or passive, alleged to have been taken or not taken by the District or any such entities, officials, officers or employees while acting within the scope of this Agreement or the MFD Laws.

ARTICLE 3

District Elections

3.1 Conduct of Election. The District hereby employs, retains and authorizes Tucson to conduct the Election to be held within the District pursuant to A.R.S. § 48-4237(C) and the Formation Resolutions and all related activities. The District shall reimburse Tucson for its costs and expenses in connection with the Election at such time(s) as Tucson may request. If more

than one issue is included on the ballot for the Election, then the costs and expenses allocable to the District shall be reasonably determined by Tucson.

ARTICLE 4

Miscellaneous

4.1 Amendments. This Agreement may be amended only by a mutual agreement in writing executed by each of the parties hereto.

4.2 Notices. Any notices and other communications provided for or inferred herein shall be validly given, made or served, in writing and delivered personally or sent by registered or certified mail, postage prepaid, to:

Tucson: City of Tucson
P.O. Box 27210
Tucson, AZ 85726-7210
Attn: City Manager

With a copy to: City of Tucson
P.O. Box 27210
Tucson, AZ 85726-7210
Attn: City Attorney

Sahuarita: Town of Sahuarita
850-B West Helmet Peak Road
Sahuarita, AZ 85629
Attn: Town Manager

With a copy to: Town of Sahuarita
850-B West Helmet Peak Road
Sahuarita, AZ 85629
Attn: Town Attorney

South Tucson: City of South Tucson
1601 South 6th Avenue
South Tucson, AZ 85713
Attn: City Manager

With a copy to: City of South Tucson
1601 South 6th Avenue
South Tucson, AZ 85713
Attn: City Attorney

District: Rio Nuevo Multipurpose Facilities District
c/o City of Tucson
P.O. Box 27210
Tucson, AZ 85726-7210
Attn: City Manager

Kathleen S. Detrick

City Clerk

TOWN OF SAHUARITA, ARIZONA, an
Arizona municipal corporation

By [Signature]
Mayor

Attest:

Leonard F. Olson
Town Clerk

CITY OF SOUTH TUCSON, ARIZONA, an
Arizona municipal corporation

By [Signature]
Mayor

Attest:

Maria Helenus Rode
City Clerk

RIO NUEVO MULTIPURPOSE FACILITIES
DISTRICT, a district organized pursuant to the
provisions of A.R.S. §48-4202

By Ruben D. Suarez
Chairman

Attest:

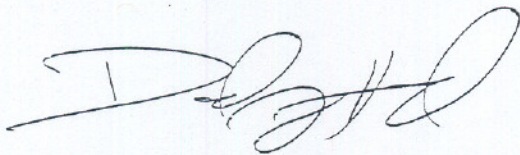
[Signature]
Secretary

Approved as to Form:

Steven A. Hiko, III
Special Counsel

Approved As to form pursuant
to A.R.S. Section 11-952

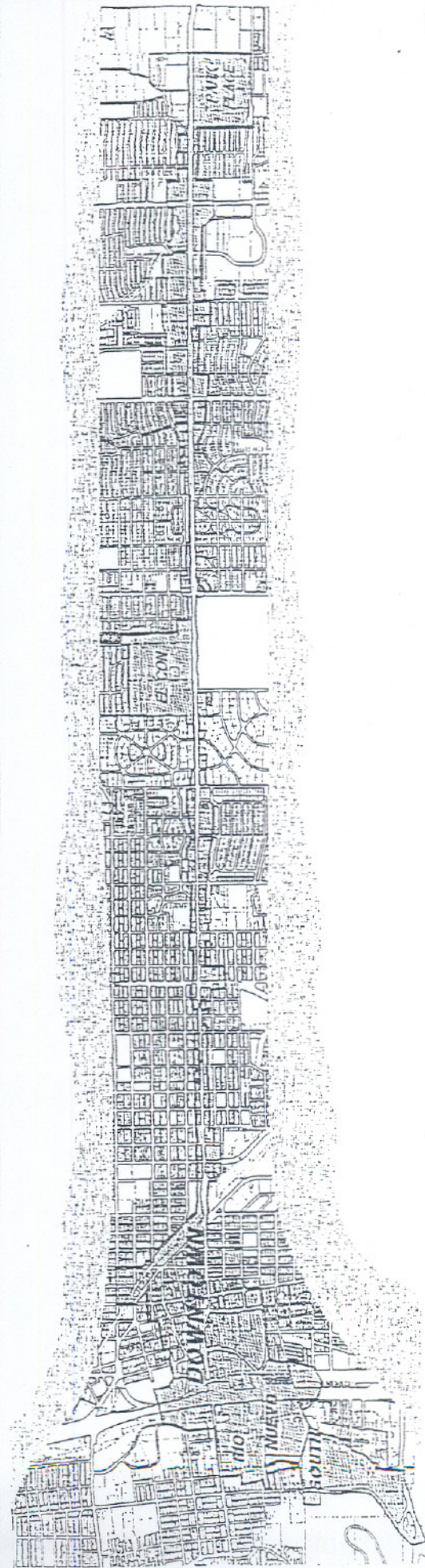
~~BTB~~ Bradford T. Brown City Attorney
South Tucson



DANIEL J. HOCHULI
SANTUARITA TOWN ATTORNEY

Elisabell Setlo
Principal Asst City Atty
City of Tucson

Ex. A To
Ex. C To
Res 1834



ADOPTED BY THE
MAYOR AND COUNCIL

RESOLUTION NO. 9918

RELATING TO ELECTIONS; APPROVING THE REQUEST OF THE RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT TO PLACE A QUESTION ON THE NOVEMBER 2, 1999 BALLOT FOR VOTER APPROVAL FOR THE RECEIPT AND USE OF A PORTION OF STATE SALES TAX REVENUES GENERATED AT THE DISTRICT SITE; AND DECLARING AN EMERGENCY.

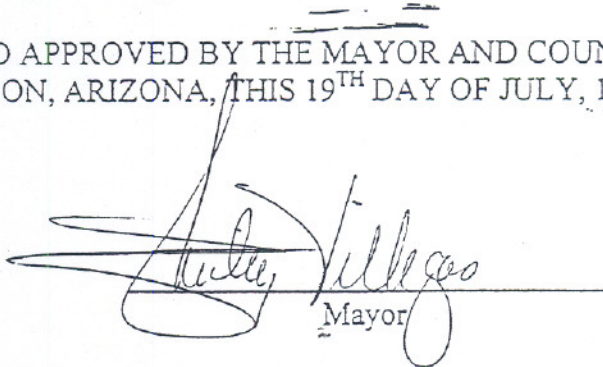
BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, AS FOLLOWS:

Section 1. The request of the Rio Nuevo Multipurpose Facilities District to place on the ballot for the election to be held on November 2, 1999, a question seeking voter approval for the receipt and use of a portion of the State sales tax revenues generated at the Rio Nuevo Multipurpose Facilities site, as more fully set forth in A.R.S. §42-1531 and A.R.S. §48-4237, is hereby authorized and approved.

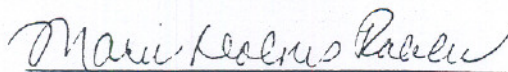
Section 2. The various officers and employees of the City are hereby authorized and directed to take all actions necessary or appropriate to give effect to this resolution.

Section 3. Inasmuch as it is necessary for the preservation of the peace, health and safety of the City of South Tucson, Arizona, that this resolution become immediately effective, an emergency is hereby declared to exist and this resolution shall become effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED BY THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, THIS 19TH DAY OF JULY, 1999.


Mayor

Attest:


City Clerk